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IN THE

Supreme Court of the United States

LIFE TECHNOLOGIES CORPORATION;
INVITROGEN IP HOLDINGS, INC.;
APPLIED BIOSYSTEMS, LLC,

Petitioners,

v.

PROMEGA CORPORATION,

Respondent.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF OF *AMICUS CURIAE* NEW YORK INTELLECTUAL PROPERTY LAW ASSOCIATION IN SUPPORT OF RESPONDENT

WALTER E. HANLEY, JR.
President, NYIPLA
ANDREWS KURTH KENYON LLP
One Broadway
New York, NY 10004
(212) 425-7200

IRENA ROYZMAN
Counsel of Record
Co-Chair, Committee on Amicus Briefs, NYIPLA
DAVID KLEBAN
RACHEL S. SCHWARTZ
PATTERSON BELKNAP WEBB & TYLER LLP
1133 Avenue of the Americas
New York, NY 10036
(212) 336-2000
iroyzman@pbwt.com

Attorneys for Amicus Curiae
New York Intellectual Property Law Association

(Additional Counsel Listed on Inside Cover)

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INTEREST OF *AMICUS CURIAE*[1]

The New York Intellectual Property Law Association ("NYIPLA") is a bar association of more than 1,300 attorneys who practice in the area of patent, copyright, trademark and other intellectual property ("IP") law.[2] It is one of the largest regional IP bar associations in the United States. Its members include in-house counsel for businesses and other organizations, and attorneys in private practice who represent both IP owners and their adversaries (many of whom are also IP owners). Its members represent inventors, entrepreneurs, businesses, universities, and industry and trade associations.

The NYIPLA's members and their clients regularly participate in patent litigation on behalf of both plaintiffs and defendants in federal court and in proceedings before the United States Patent and Trademark Office. They also actively engage in licensing matters representing both patent licensors and licensees. The NYIPLA thus brings an informed perspective to the issues presented.

The NYIPLA's members and their respective clients have a strong interest in the issues in this case because

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1. Pursuant to Sup. Ct. R. 37.6, the NYIPLA and its counsel represent that they have authored the entirety of this brief, and that no person other than the *amicus curiae* or its counsel has made a monetary contribution to the preparation or submission of this brief.

2. Pursuant to Sup. Ct. R. 37.3(a), NYIPLA received written consent from Respondent to file this brief. Petitioners consented to the filing of *amicus curiae* briefs in support of either party or neither party in a docket entry dated August 4, 2016.

their day-to-day activities depend on a robust patent system that protects U.S. inventions. The statute at issue here, 35 U.S.C. § 271(f)(1), plays an important role in the enforcement of U.S. patents protecting multicomponent inventions in all fields of endeavor. Congress enacted § 271(f)(1) to address a loophole in the enforcement of these patents. The statute prevents such patents from being circumvented through exporting some or all of the components for combination offshore into the patented invention. It holds infringers liable for their intentional, domestic conduct even when final assembly of the components occurs overseas. The NYIPLA has a particularly strong interest in meaningful and flexible interpretation of the patent laws to protect and foster U.S. innovation across industries.[3]

SUMMARY OF THE ARGUMENT

§ 271(f)(1) plays an important role in the enforcement of U.S. patents protecting multicomponent inventions across technologies. Congress passed the statute as a

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3. The arguments made in this brief were approved by an absolute majority of NYIPLA's officers and members of its Board of Directors, but do not necessarily reflect the views of a majority of the members of the Association or of the law or corporate firms with which those members are associated. After reasonable investigation, the NYIPLA believes that no officer, director, or member of the Amicus Briefs Committee who voted in favor of filing this brief, nor any attorney associated with any such officer, director, or committee member in any law or corporate firm, represents a party to this litigation. Some officers, directors, committee members, or associated attorneys may represent entities, including other *amici curiae*, which have an interest in other matters that may be affected by the outcome of this litigation.

remedial measure to prevent such patents from being circumvented through supply from within the United States of "all or a substantial portion of the components of a patented invention" for combination offshore.

In this case, LifeTech supplies *Taq* polymerase, an enzyme used in its genetic testing kits to amplify the DNA sequences of interest so as to have enough DNA for genetic analysis. The kits, used for forensic identification as well as clinical purposes, have four other components and are assembled offshore. LifeTech manufactures *Taq* polymerase in the United States and then ships it to its facility in the United Kingdom where the accused kits are assembled. The jury concluded that LifeTech infringed Promega's patents. The Federal Circuit—pointing to evidence from LifeTech that *Taq* polymerase is one of the "main" and "major" components of the kits—held that the evidence in the record supported the jury's finding that *Taq* is a "substantial portion" of the components of the patented invention.[4] Pet. App. 28a.

LifeTech argued that it cannot be liable under § 271(f)(1) for providing "all or a substantial portion of the components of a patented invention" because it supplied only a single component for combination offshore and a single component could never be a "substantial portion" of the invention. Consistent with this Court's guidance, the Federal Circuit rejected LifeTech's rigid and mandatory formula. The Federal Circuit recognized that while the

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4. The NYIPLA takes no position on whether LifeTech infringes Promega's patents. It only advocates for a flexible approach to liability under § 271(f)(1) that takes into account both the number and nature of the components in each specific case.

number of components supplied may provide helpful insight, that number should not be translated into a rigid test. The court refused to "categorically exclude the 'supply' of a single component of a patented invention from the scope of § 271(f)(1)." Pet. App. 33a. Instead, the Federal Circuit held that "there are circumstances" in which supply of a single component for combination outside the United States may trigger liability. *Id.* at 28a.

The Federal Circuit's holding allows the factfinder to consider the facts and circumstances of each case in determining if a "substantial portion" of the invention has been supplied from the United States. Its flexible approach, which permits the factfinder to exercise common sense in evaluating case-specific circumstances such as whether a component is central to the patented invention, in addition to the number of components supplied from the United States, makes meaningful enforcement of the statute possible.

By contrast, the rigid numerical test for "substantial portion" advocated by LifeTech and correctly rejected by the Federal Circuit would deprive the factfinder of discretion to consider the totality of the circumstances. It would also produce absurd results, encourage gamesmanship, and frustrate the purpose of this anti-evasive statute. As this Court has repeatedly pointed out, rigid bright-line rules are neither consistent with nor required by this Court's precedents in patent cases because they preclude meaningful enforcement of the patent laws. Consistent with those precedents, there is no reason to adopt a rigid test for liability under § 271(f)(1) here.

In support of its rigid test, LifeTech relies heavily on the presumption against extraterritoriality. This reliance has no support in this Court's precedents. The presumption is a canon of construction used in determining whether a given statute regulates conduct and transactions that occur abroad. It provides no authority to interpret statutes so as to minimize the *impact* of U.S. law on foreign economies.

At bottom, LifeTech's "extraterritoriality" arguments are really about what *effects* § 271(f)(1) will have on trade and foreign commerce. These arguments are incorrect, since a rigid numerical test only encourages gamesmanship and ignores Congress's anti-evasive purpose in passing § 271(f)(1). They also have no place here. While there is no question that § 271(f)(1) potentially affects foreign commerce, the presumption against extraterritoriality provides no authority to set economic policy or to interpret patent laws regulating domestic activity to that end. The question before the Court in this case is not the geographic scope of conduct regulated by § 271(f)(1), but the amount (and nature) of domestic conduct necessary to trigger liability under the statute. The presumption is therefore entirely inapplicable.

For all these reasons, this Court should affirm the ruling below.

ARGUMENT

I. Meaningful Enforcement of § 271(f)(1) Requires Case-Specific Analysis That Takes into Account the Importance of Components to the Patented Invention.

This Court should ratify the Federal Circuit's case-specific approach to assessing liability under § 271(f)(1). The Federal Circuit recognized that in some circumstances the supply of a single component for combination outside the United States may be a "substantial portion" of the components of a patented invention. Its flexible test for "substantial portion," which permits the factfinder to consider both the number and nature of the components, makes meaningful enforcement of the statute possible.

A. A Flexible Test for "Substantial Portion" Comports with the Purpose of the Statute and This Court's Precedents.

The Federal Circuit correctly did not prescribe any formula for assessing if one or more components constitute a "substantial portion" of a patented multicomponent invention. It rejected LifeTech's strict numerical argument that "a single component supplied from the United States, no matter how important or central to the invention, can never constitute 'a substantial portion of the components of a patented invention.'" Pet. App. 34a. The court thus made it possible for the factfinder to consider both the number and the importance of the component(s) supplied from the United States.

The NYIPLA agrees that whether one or more supplied components represent a "substantial portion" of the components of a patented invention should be determined by the factfinder on a case-by-case basis, taking into consideration the totality of the circumstances. The Federal Circuit's flexible approach, consistent with the statutory term "substantial," allows a factfinder to consider both the qualitative and quantitative nature of the "portion of . . . components" supplied. *See Pierce v. Underwood*, 487 U.S. 552, 564 (1988) (noting that "substantial" may mean "considerable in amount, value, or the like") (citation omitted). It requires the factfinder to determine whether the portion of components supplied in any individual case is "substantial" to the patented invention such that the supplier is subject to liability.

A flexible test not only allows for meaningful analysis but protects multicomponent inventions as technology evolves. Congress passed § 271(f) in response to this Court's holding in *Deepsouth Packing Co. v. Laitram Corp.*, 406 U.S. 518 (1972). There, a manufacturer knowingly evaded the patent laws by shipping all components of a patented shrimp deveining machine to foreign customers for assembly outside the United States. This Court held that the patent laws did not apply to making or using a patented product outside of the United States, and thus the knowing supply of all components of a patented invention for assembly and use outside the United States did not violate U.S. patent laws. *Id.* at 527. In response, Congress passed § 271(f)(1) to remedy the loophole in the law. *See, e.g., Microsoft Corp. v. AT&T Corp.*, 550 U.S. 437, 444 & n.3 (2007). Its express purpose is to ensure that infringers do not "avoid[] U.S. patents." 130 Cong. Rec. 10525.

But Congress did not merely close the *Deepsouth* loophole by making it an act of infringement when *all* components are shipped from the United States for assembly in another country. Rather, it used the phrase "all or a substantial portion of the components"—broader language than the particular facts at issue in *Deepsouth*—to avoid new and unintended loopholes. In doing so it chose to expand liability to the supply of "a substantial portion" of the components of a patented invention. This language, and the flexibility it reflects, provides meaningful protection for multicomponent inventions.

It also protects future innovation. Through the choice of the term "substantial portion," Congress did not merely look backward to close a loophole that allowed intentional infringement by supplying all components of a 20th-century mechanical device. Instead, it wrote a statute that could apply to all manner of inventions and their components—including inventions then unknowable. In *Microsoft*, for example, this Court noted that § 271(f) might one day apply to intangible methods or processes with intangible components. 550 U.S. at 452 n.13. The phrase "substantial portion" allows § 271(f)(1) to be applied to the full range of human invention, inviting the factfinder to consider the relevant circumstances and to determine whether, in any particular case, the "portion" of components supplied from the United States is "substantial" enough to trigger liability.

The Federal Circuit's flexible test also adheres closely to this Court's precedents and guidance. This Court has repeatedly rejected rigid patent rules that "deny factfinders recourse to common sense" and prevent the patent laws from being applied flexibly. *See KSR*

Int'l Co. v. Teleflex Inc., 550 U.S. 398, 421 (2007). When considering the Federal Circuit's bright-line machine-or-transformation test for patent eligibility, for example, the Court found that the machine-or-transformation analysis is a "useful and important clue" but should not be the exclusive categorical test for patent eligibility. *Bilski v. Kappos*, 561 U.S. 593, 604-05 (2010). Similar to the rationale in *Bilski*, although the number of components is a "helpful insight" or a "useful and important clue," as the Federal Circuit recognized, it should not be elevated into an exclusive, categorical rule. As this Court has explained time and time again, categorical rules, such as the numerical test that LifeTech advocates, have the tendency to "frustrate the purposes of the patent law." *Id.* at 604-05. Indeed, "[t]his Court has 'more than once cautioned that courts should not read into the patent laws limitations and conditions which the legislature has not expressed.'" *Id.* at 602 (quoting *Diamond v. Diehr*, 450 U.S. 175, 182 (1981)). LifeTech's rigid test would frustrate the anti-evasive purpose of § 271(f)(1) and, just as in *Halo*, potentially shield "many of the most culpable offenders" from liability. *See Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S. Ct. 1923, 1932 (2016). Rigid rules "are neither necessary under [this Court's] case law nor consistent with it." *KSR*, 550 U.S. at 421.

B. An Interpretation of § 271(f)(1) That Requires Supply of More Than One Component of a Patented Invention Would Produce Absurd Results and Frustrate the Purpose of the Statute.

The Federal Circuit declined to adopt LifeTech's interpretation of "a substantial portion of the components"

of a patented invention to "categorically exclude the 'supply' of a single component of a patented invention from the scope of § 271(f)(1)." Pet. App. 33a. Applying LifeTech's numerical test for liability under § 271(f)(1) would produce absurd results, encourage gamesmanship, and frustrate legislative intent.

For example, using a strictly numerical interpretation of "substantial portion" would eliminate liability for the supply of less than all of the components of a two-component invention. That is, for a two-component invention, there could be no supply of a "substantial portion" of the components of the patented invention. Liability would attach only if "all" the components were shipped for combination offshore.

An exporter who intentionally supplied the major and most important component of the invention, and actively induced that component's combination with the other, insubstantial component overseas, would escape liability as a matter of law. For two-component inventions, which are common, the phrase "or a substantial portion" would be read out of the statute entirely and patents covering two-component inventions would be easily circumvented just as prior to the enactment of § 271(f). The same may be true of three- and four-component inventions if not all of the components are shipped abroad. Indeed, the Government argues that 75% of the components may not be a "substantial portion" of the components under an interpretation that requires a large number or substantially all of the components to be shipped. U.S. Br. at 26. A numerical test would therefore frustrate Congressional intent, reopening the *Deepsouth* loophole for numerous important combination inventions.

The same numerical test also would have unintended and perhaps arbitrary effects for combination inventions with many components. For example, for a multicomponent invention including one costly, complex microprocessor and scores of inexpensive standard components, such as wires, housing, speakers, and circuits, the supply of the complex microprocessor alone, together with active inducement of the combination, would never subject the exporter to liability. Conversely, the supply of a number of trivial components could subject an exporter to liability. A strictly numerical test would thus excuse the supply of the most important and critical component of an invention, while exposing exporters of trivial, staple components of the same invention to potential liability.

A bright-line numerical test also encourages gamesmanship to avoid liability under § 271(f)(1). For example, manufacturers could combine a number of the components of an invention into a single component in order to export only a single component and avoid liability as a matter of law. Similarly, manufacturers could divide up the export of components for combination into a patented invention offshore so that each exports only a single component and avoids infringement under the statute. A numerical test would frustrate the purpose and plain language of § 271(f)(1) and Congress's anti-evasive intent. This Court should ratify the Federal Circuit's flexible test for "a substantial portion."

II. The Presumption Against Extraterritorial Application of Law Does Not Apply to the Question Presented.

For its rigid numerical test, LifeTech relies heavily on the presumption against extraterritorial application of U.S. law. LifeTech argues that the presumption's "point . . . is to prevent U.S. law from intruding on the decisions of foreign governments regarding their consumers' access to useful products." Pet. Br. at 29. It argues that the Federal Circuit's flexible construction of "substantial portion" is contrary to this Court's application of the presumption and impinges on U.S. export trade. These arguments are at odds with the well-established role of the presumption, which provides guidance as to the geographic scope of U.S. law. The presumption is not a vehicle to set economic policy or minimize the extraterritorial *effects* of legislation, such as its impact on trade.

As discussed below, for over a century this Court has used the presumption against extraterritorial application of U.S. law to determine whether a given statute regulates conduct and transactions that occur abroad. That question is not raised in this case, where it is undisputed that LifeTech "supplie[d] . . . *from the United States*" some "portion of the components of a patented invention." § 271(f)(1). As a geographic matter, there is no doubt that LifeTech's conduct is domestic and within the scope of the statute.

The question presented here is how to determine whether the "portion" of components LifeTech "supplie[d] . . . from the United States" was "substantial" so as to result in infringement liability. In other words,

the case is about the legal significance of LifeTech's admittedly domestic conduct, not the collateral effect of that conduct on international trade. Indeed, LifeTech concedes that "the question in this case asks *how much* domestic conduct is necessary to trigger the prospect of U.S. patent liability." Pet. Br. at 27 (emphasis in original). There is no precedent and no basis for applying the presumption against extraterritoriality to such a question.

A. The Presumption Against Extraterritoriality Serves to Identify the Geographic Scope of Regulated Conduct.

The presumption against extraterritorial application of law is a canon of construction used to determine whether a given statute is intended by Congress to regulate conduct and transactions that occur abroad. *Kiobel v. Royal Dutch Petro. Co.*, 133 S. Ct. 1659, 1664 (2013) ("We typically apply the presumption to discern whether an Act of Congress regulating conduct applies abroad."). It does not authorize construing statutes with the aim of minimizing their impact on foreign economies.

This Court discussed the rationale for the presumption against extraterritorial application of law more than a century ago. *See Am. Banana Co. v. United Fruit Co.*, 213 U.S. 347, 355-58 (1909) (Holmes, J.). The defendant in *American Banana* was accused of anticompetitive behavior consisting primarily of instigating Costa Rican government officials to take actions (including seizing a plantation) that injured the plaintiff's banana business. *Id.* at 354-55. But "the acts causing the damage were done, so far as appears, outside the jurisdiction of the United States and within that of other states." *Id.* at 355.

While acknowledging that certain statutes purport to regulate "acts done within another recognized jurisdiction" if they "immediately affect[] national interests," this Court noted that "the general and almost universal rule is that the character of an act as lawful or unlawful must be determined wholly by the law of the country where the act is done." *Id.* at 356. It explained that "[f]or another jurisdiction, if it should happen to lay hold of the actor, to treat him according to its own notions rather than those of the place where he did the acts, not only would be unjust, but would be an interference with the authority of another sovereign, contrary to the comity of nations, which the other state concerned justly might resent." *Id.* Accordingly, "in case of doubt," courts should adopt a "construction of any statute as intended to be confined in its operation and effect to the territorial limits over which the lawmaker has general and legitimate power." *Id.* at 357. The Court explained that "[w]ords having universal scope, such as 'Every contract in restraint of trade,' 'Every person who shall monopolize,' etc., will be taken as a matter of course to mean only every one subject to such legislation, not all that the legislator subsequently may be able to catch." *Id.*

This presumption was discussed again in *United States v. Bowman*. There, the Court considered the defendants' objection to an indictment charging them with conspiracy to present false claims to the Shipping Board Emergency Fleet Corporation, an entity owned by the United States. 260 U.S. 94, 95-96 (1922). The defendants argued that because their scheme unfolded on the high seas, it was outside the scope of the relevant U.S. statute, which did not explicitly impose liability for extraterritorial conduct. *Id.* at 96-97. The Court described the issue as "a

question of statutory construction," *id.* at 97, and explained that U.S. statutes were presumed only to punish crimes committed in the United States:

> Crimes against private individuals or their property . . . must of course be committed within the territorial jurisdiction of the government where it may properly exercise it. If punishment of them is to be extended to include those committed outside of the strict territorial jurisdiction, it is natural for Congress to say so in the statute, and failure to do so will negative the purpose of Congress in this regard.

Id. at 98. Thus, from its beginnings in *American Banana* and *Bowman*, the presumption against extraterritoriality reflected the common-sense insight that U.S. statutes only regulate conduct that occurs in the United States absent a Congressional intent to punish acts that occur abroad.

This Court again examined the presumption against extraterritoriality in *Foley Bros., Inc. v. Filardo*, 336 U.S. 281, 284-85 (1949). *Foley Brothers* concerned the Eight Hour Law, which provided that "[e]very contract" to which the United States is a party must allow for overtime pay to laborers who work more than eight hours in a day. *Id.* at 282-83. The question presented was whether the reference to "[e]very contract" included contracting projects performed in foreign countries (the plaintiff had served as a cook for a public works project in Iraq and Iran). *Id.* at 283-84. This Court observed that Congress had the *power* to give the law such a scope, but explained that "[t]he canon of construction which teaches that legislation of Congress,

unless a contrary intent appears, is meant to apply only within the territorial jurisdiction of the United States . . . is a valid approach whereby unexpressed congressional intent may be ascertained." *Id.* at 284-85. This "canon," said the Court, "is based on the assumption that Congress is primarily concerned with domestic conditions." *Id.* Because the Eight Hour Law contained "no language . . . that gives any indication of a congressional purpose to extend its coverage beyond places over which the United States has sovereignty or has some measure of legislative control," this Court determined that it applied only to contracts for domestic projects. *Id.* at 285; *see also id.* at 286 (expressing skepticism "that Congress intended to regulate the working hours of a citizen of Iran who chanced to be employed on a public work of the United States in that foreign land").

In each of these early cases, this Court used the presumption against extraterritorial application of law to infer the intended geographic scope of the regulation at issue. The presumption helped answer the question of whether a given statute governed conduct or transactions that occur outside of the United States.

This Court's more recent cases uniformly apply the presumption in the same manner. *See, e.g., RJR Nabisco, Inc. v. European Cmty.*, 136 S. Ct. 2090, 2096, 2100-09 (2016) (presumption applied to determine "whether RICO applies extraterritorially—that is, to events occurring and injuries suffered outside the United States"); *Kiobel*, 133 S.Ct. at 1664 (presumption applied to determine "whether a claim [under the Alien Tort Statute] may reach conduct occurring in the territory of a foreign sovereign"); *Morrison v. Nat'l Austl. Bank Ltd.*, 561 U.S. 247, 250-51

(2010) (presumption applied to determine "whether § 10(b) of the Securities Exchange Act of 1934 provides a cause of action . . . for misconduct in connection with securities traded on foreign exchanges"); *Sale v. Haitian Ctrs. Council, Inc.*, 509 U.S. 155, 159, 173-74 (1993) (presumption applied to determine whether asylum protection of Immigration and Nationality Act "applies to action taken by the Coast Guard on the high seas"); *Smith v. United States*, 507 U.S. 197, 198, 203-04 (1993) (presumption applied to determine whether FTCA waiver of sovereign immunity "applies to tortious acts or omissions occurring in Antarctica"); *EEOC v. Arabian Am. Oil Co.*, 499 U.S. 244, 246, 248-49 (1991) (presumption applied to determine "whether Title VII applies extraterritorially to regulate the employment practices of United States employers who employ United States citizens abroad").

Thus, when this Court has invoked the presumption against extraterritoriality, it has consistently done so when determining the applicability of legislation to conduct and transactions that occur abroad. It has not treated the presumption as a means for minimizing the extraterritorial *effect* of legislation or its implications for U.S. trade.

B. *Microsoft* Uses the Presumption in Accordance with This Court's Settled Precedent.

Relying on this Court's decision in *Microsoft*, LifeTech argues that the Federal Circuit's flexible interpretation of "substantial portion" is "directly contrary to this Court's explicit instruction that § 271(f) should be narrowly interpreted in light of the presumption against extraterritoriality." Pet. Br. at 4. LifeTech contends that,

regardless of the question of statutory construction, § 271(f)(1) must be interpreted so as to minimize its impact on foreign economies and U.S. export trade. *Id.*

First, as discussed above, it is not correct that a bright-line numerical test is somehow narrower than a flexible test for "substantial portion" that considers the importance of any particular component. Indeed, a numerical test risks expanding liability under § 271(f)(1) precisely by *not* considering the importance of the relevant domestic conduct, namely the exported components, to the patented invention. *See supra* Section I.B.

More fundamentally, *Microsoft*, like this Court's prior century of decisions discussing the presumption against extraterritoriality, did not require courts to construe U.S. laws narrowly regardless of the question of statutory construction. Nor did it transform the presumption into a vehicle for courts to minimize the *impact* of laws on foreign trade. Rather, the *Microsoft* Court used the presumption in accordance with this Court's settled precedent to conclude that the statute did not regulate foreign activity, namely the foreign-made components. It held that there was no intent to create liability for exporting instructions to make components abroad when § 271(f) expressly requires supply of the components themselves.

In *Microsoft*, the defendant software maker (Microsoft) conceded that it had dispatched master copies of its Windows operating system to foreign computer manufacturers and that by installing Windows onto their computers, the manufacturers created devices that in the United States would have infringed AT&T's patent. 550 U.S. at 441-42, 445-47. This Court confronted

two interpretive questions about the application of § 271(f)[5] to Microsoft's conduct: first, whether Windows was a "component" under § 271(f), and second, whether Microsoft had "supplied" a component of the foreign-made computers "from the United States." *Id.* at 447.

As to the first question, this Court found that "software detached from an activating medium" is "uncombinable" in the context of a computer. *Id.* at 449. This Court concluded that since the statute contemplates "'components' [that are] amenable to 'combination,'" *id.*, Windows can only be a "component" of a computer when reduced to a physical, deliverable copy capable of being "performed by a computer," *id.* at 451-52. It held that Windows "in the abstract" is not a "component" of a computer but rather a set of "instructions" to which § 271(f) does not apply. *Id.*

This holding informed the Court's resolution of the second question. Microsoft had not "supplied" the individual copies of Windows that were installed on the foreign-made computers. *Id.* at 452. "Indeed, those copies did not exist until they were generated by third parties outside the United States." *Id.* at 453. Accordingly, the software "components" of the offending devices were neither "supplie[d]" by Microsoft nor "supplie[d] . . . from the United States." *Id.* at 453-54. Microsoft had exported only the instructions for components that were then generated abroad.

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5. The decision simply refers to Section 271(f) since the distinctions between the two paragraphs of Section 271(f) were not "outcome determinative." *See id.* at 447 n.7.

The Court explained that the presumption against extraterritorial application of U.S. law reinforced its conclusion "that Microsoft's conduct falls outside § 271(f)'s compass." *See id.* at 454. This was for a simple reason: the components were generated and combined abroad. None was made in or supplied from the United States. A different interpretation of "supply," *i.e.*, one that encompassed supplying instructions from the United States rather than the components themselves, would have swept into § 271(f)'s purview the acts of duplication and installation that took place abroad. Instead, this Court concluded that "***foreign law alone***, not United States law, ***currently governs the manufacture and sale of components of patented inventions in foreign countries***." *Id.* at 456 (emphasis added).

In *Microsoft*, the presumption against extraterritoriality supported the construction of "supply" in § 271(f) as not encompassing supply of components generated outside the United States because Congress ordinarily does not intend to regulate conduct that occurs in the territory of another sovereign and the express language of § 271(f) requires supply of some components from the United States. The Court did not use the presumption as a mandate to weigh § 271(f)'s economic externalities, such as effects on trade policy, or to interpret § 271(f) to minimize those effects.

In contrast to *Microsoft*, the question presented here does not implicate the location of regulated conduct, but rather the amount (and nature) of *domestic* conduct necessary to trigger liability under the patent law. Pet. Br. at 27 ("[T]he question in this case asks *how much* domestic conduct is necessary to trigger the prospect

of U.S. patent liability. . . .") (emphasis in original). The presumption against extraterritoriality therefore has no application in this case. Under either the Federal Circuit's flexible test for "substantial portion," which considers the importance of the supplied component, or a numerical test, which excludes supply of a single component from liability, the interpretive question concerns only domestic conduct.

C. The Presumption Does Not Provide Authority to Set Economic Policy.

LifeTech attempts to buttress its numerical construction of the "substantial portion" requirement of § 271(f)(1) with trade policy arguments. These economic arguments are inapposite for the reasons discussed above and also incorrect because a numerical test only encourages gamesmanship and ignores Congress's anti-evasive purpose in enacting § 271(f)(1). Moreover, they have no place here for two reasons. First, the presumption against extraterritoriality does not permit courts to interpret patent laws so as to blunt the impact of Congress's judgments about economic policy and its consequences for innovation. Second, and more basically, "[i]t is not [this Court's] right to pronounce economic views." *Sec'y of Agric. v. Cent. Roig Ref. Co.*, 338 U.S. 604, 606 n.1 (1950).

LifeTech asserts that "[t]he point of the presumption against extraterritorial application of U.S. patent law is to prevent U.S. law from intruding on the decisions of foreign governments regarding their consumers' access to useful products." Pet. Br. at 29. It warns that a flexible test that allows consideration of the importance of components to the invention "will inhibit the access

of foreign markets to Life Technologies' kits, or, at a minimum, dramatically increase the cost of such access" and will give foreign companies "a strong incentive not to use U.S.-manufactured components." *Id.* Meanwhile, the Government states that the Court's decision should take into account § 271(f)(1)'s potential to "prevent[] citizens of foreign countries from importing staple articles of commerce and combining them with components manufactured in their own countries." U.S. Br. at 30.

There is no question that § 271(f)(1) potentially affects international commerce. But the implementation of a particular economic view has never been the province of the presumption against extraterritoriality. As discussed above, the presumption merely provides guidance as to the geographic scope of regulated conduct. *See supra* Section II.A.

More fundamentally, the use of the presumption in this case would undermine its purpose of "preserving a stable background against which Congress can legislate with predictable effects." *Morrison*, 561 U.S. at 261. If the mere prospect of a statute having economic externalities were enough to trigger the presumption, almost every interpretive question would be subject to competing arguments about and judicial insight into its "extraterritorial effect." Indeed, if courts felt free to weigh the extraterritorial *consequences* of a proposed statutory construction in any case, it would invite, rather than discourage, "unwarranted judicial interference in the conduct of foreign policy." *Kiobel*, 133 S. Ct. at 1664.

Further, as a general matter, this Court has been justifiably loath to incorporate economic judgments in its

decisions. In *Kimble v. Marvel Entm't, LLC*, for example, this Court recently explained that in the event of an economic misjudgment, "Congress is the right entity to fix it." 135 S. Ct. 2401, 2413 (2015). This Court elaborated that "by contrast with the Sherman Act, the patent laws do not turn over exceptional law-shaping authority [based on economic policy] to the courts." *Id. See also Am. Commercial Lines, Inc. v. Louisville & Nashville R.R. Co.*, 392 U.S. 571, 590 (1968) ("The courts are ill-qualified indeed to make the kind of basic judgments about economic policy sought by the railroads here."); *Central Roig*, 338 U.S. at 606 n.1 ("It is not our right to pronounce economic views; we are confined to passing on the right of the Congress . . . to act on the basis of entertainable economic judgments.").

Similarly, this Court has explained that "the choice of what patent policy should be lies first and foremost with Congress." *Kimble*, 135 S. Ct. at 2414. "Congress, not this Court, is [the] proper audience," *id.*, for theories as to why § 271(f)(1) harms our nation's economy and should be limited to avoid liability for inducing infringement if only one component of a patented invention is exported.

In sum, neither the presumption against extraterritoriality nor economic arguments provide any basis to adopt a numerical test for liability under § 271(f)(1).

CONCLUSION

For the foregoing reasons, this Court should affirm the ruling below.

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Respectfully submitted,

WALTER E. HANLEY, JR.
President, NYIPLA
ANDREWS KURTH KENYON LLP
One Broadway
New York, NY 10004
(212) 425-7200

ROBERT J. RANDO
THE RANDO LAW FIRM P.C.
6800 Jericho Turnpike
Suite 120W
Syosset, NY 11791
(516) 799-9800

IRENA ROYZMAN
Counsel of Record
Co-Chair, Committee on Amicus Briefs, NYIPLA
DAVID KLEBAN
RACHEL S. SCHWARTZ
PATTERSON BELKNAP WEBB & TYLER LLP
1133 Avenue of the Americas
New York, NY 10036
(212) 336-2000
iroyzman@pbwt.com

ROBERT M. ISACKSON
Board Liaison, Committee on Amicus Briefs, NYIPLA
VENABLE LLP
Rockefeller Center
1270 Avenue of the Americas
New York, NY 10020
(212) 307-5500

Attorneys for Amicus Curiae
New York Intellectual Property Law Association